

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:)	
)	
LCI HOLDING COMPANY, INC.,)	Chapter 11
)	Case No. 12-13319 (KG)
Debtors.)	(Jointly Administered)
)	
)	
)	

UNITED STATES' DESIGNATION OF RECORD AND ISSUES ON APPEAL

DESIGNATION OF RECORD

Pursuant to Federal Rule of Bankruptcy Procedure 8006 and Local Rule 8006-1(a), the United States designates the following items to be included in the record on appeal:

1. Docket No. 23 – Debtors’ Motion for Orders: (A)(1) Establishing Bidding Procedures Relating to the Sale of Substantially All of the Debtors’ Assets; (II) Approving Expense Reimbursement; (III) Establishing Procedures Relating to the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, Including Notice of Proposed Cure Amounts; (IV) Approving Form and Manner of Notice, and (V) Scheduling a Hearing to Consider the Proposed Sale, and (B)(I) Approving the Sale of Substantially All of the Debtors’ Assets; (II) Authorizing the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases; and (III) Granting Certain Related Relief

2. Docket No. 266 – Objection of the Official Committee of Unsecured Creditors to the Debtors’ Motion for Orders: (A)(1) Establishing Bidding Procedures Relating to the Sale of Substantially All of the Debtors’ Assets; (II) Approving Expense Reimbursement; (III) Establishing Procedures Relating to the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, Including Notice of Proposed Cure Amounts; (IV) Approving Form and Manner of Notice, and (V) Scheduling a Hearing to Consider the Proposed Sale, and (B)(I) Approving the Sale of Substantially All of the Debtors’ Assets; (II) Authorizing the Assumption and Assignment of Certain Executory

Contracts and Unexpired Leases; and (III) Granting Certain Related Relief

3. Docket No. 300 – Order (1) Establishing Bidding Procedures Relating to the Sale of Substantially all of the Debtors' Assets; (II) Approving Expense Reimbursement; (III) Establishing Procedures Relating to the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, Including Notice of proposed Cure Amounts; (IV) Approving Form and Manner of Notice of All Procedures, Protections, Schedules and Agreements, (V) Scheduling a Hearing to Consider the Proposed Sale; and (VI) Granting Certain Related Relief
4. Docket No. 496 – The United States' Objection To The Sale Of Substantially All Of The Debtors' Assets
5. Docket No. 584 – Omnibus Reply to Objections to Debtors Motion for Order (I) Approving the Sale of Substantially All of the Debtors Assets; (II) Authorizing the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases; and (III) Granting Certain Related Relief
6. Docket No. 586 – Declaration of Phillip B. Douglas in Support of Debtors Motion for Order (I) Approving the Sale of Substantially All of the Debtors Assets; (II) Authorizing the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases; and (III) Granting Certain Related Relief
7. Docket No. 587 – Declaration of Neil A. Augustine in Further Support of Debtors Motion for Order (I) Approving the Sale of Substantially All of the Debtors Assets; (II) Authorizing the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases; and (III) Granting Certain Related Relief
8. Docket No. 588 – Response of The Official Committee of Unsecured Creditors to The United States' Objection to the Sale of Substantially All of the Debtors' Assets
9. Docket No. 589 – Steering Committee's Reply in Support of the Debtors' Motion for Entry of An Order Approving the Sale of Substantially All of the Debtors' Assets
10. Docket No. 617 – Order (I) Authorizing the Sale of Substantially All of the Debtors Assets Free and Clear of All Liens, Claims, Encumbrances and Interests; (II) Authorizing the Assumption and Assignment of Certain

Executory Contracts and Unexpired Leases; and (III) Granting Certain Related Relief

11. Docket No. 660 – the United States’ Notice of Appeal
12. Docket No. 676 – The United States’ Motion to Stay Pending Appeal
13. Transcript for hearing held on April 2, 2013

STATEMENT OF ISSUES

Pursuant to Federal Rule of Bankruptcy Procedure 8006 and Local Rule 8006-1(a), the United States submits the following list of issues to be presented on appeal:

1. Did the Bankruptcy Court err in approving the sale of substantially all of the debtors’ assets, and granting debtors the protections afforded by the Bankruptcy Code, when there was admittedly no possibility that debtors could confirm a valid Chapter 11 or Chapter 7 bankruptcy plan if the sale was approved?
2. Did the Bankruptcy Court err in approving the payment of certain administrative claimants through the Asset Purchase Agreement (and payment of any other claims with lower priority) when other similarly situated administrative claimants, like the United States, would receive no portion of their claims?

DATE: May 1, 2013

Respectfully submitted,

CHARLES M. OBERLY
United States Attorney

KATHRYN KENEALLY
Assistant United States Attorney

/s/ Christopher J. Williamson
CHRISTOPHER J. WILLIAMSON
Trial Attorney, Tax Division
U.S. Department of Justice
Post Office Box 227
Washington, DC 20044
Telephone: (202) 307-2250
Facsimile: (202) 514-6866
Christopher.J.Williamson@usdoj.gov

CERTIFICATE OF SERVICE

I hereby certify that on this day, May 1, 2013, I electronically filed the foregoing Designation of Record and Issues on Appeal with the Clerk of the Court using the CM/ECF system.

/s/ Christopher J. Williamson
CHRISTOPHER J. WILLIAMSON
Trial Attorney, Tax Division
United States Department of Justice
P.O. Box 227
Washington, DC 20044
Tel: (202) 307-2250
Fax: (202) 514-6866
christopher.j.williamson@usdoj.gov